

**The “missing link” between parental leave policies and fertility behaviour:
understanding policy effects through their interaction with family circumstances**

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Extended Abstract

Cross-country policy variation has become the usual suspect in fertility research shortly after studies started to show a reversed relationship between female employment and fertility on the aggregated level (e.g. Ahn & Mira 2002; Brewster & Rindfuss 2000; Castles 2003). Despite that, the scope of approaches to measure policy impact on fertility behaviour is still rather limited mainly due to a lack of adequate data on an individual but also aggregated level. The common policy indicators are based on social expenditures, aggregated policy use, or reduced normative indicators on an aggregated level that are often combined into one measure through indexation methods or as country fixed effects (e.g. Boca & Wetzels 2007; Fent et al. 2013; Luci-Greulich & Thévenon 2013). More sophisticated micro data offer some indication of policy use which allows for research into policy effects on higher order births (Oláh 2003; Brodmann et al. 2007; Duvander et al. 2010). Nonetheless, such policy measures tend not to deal with the complexities of some policy designs which results in assumptions that particular policy designs influence all individuals subjected to a particular event. Understanding variation in policy support and how it influences people with different socio-economic background may shed light on fertility differentials by educational attainment but also may contribute to an explanation of cross-country fertility differences in Europe. Using the example of leave policies, this paper proposes an alternative measure of policy influence on fertility behaviour by modeling leave entitlements for individuals from 27 countries surveyed in the EU Statistics on Income and Living Conditions (SILC) for which they would be eligible for would they had a child immediately after the interview.

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To date the within country variation in leave policies has been largely ignored in cross-national studies of fertility behaviour. Leave policies are a good example of complex policy design, which determines the rules and conditions for individuals to become entitled for the scheme in the first place and further specifies conditions that need to be fulfilled in order to gain particular support. I primarily used data from the Annual Reviews produced by the International Network on Leave Policies and Research (LP&R) and data from the Mutual Information System on Social Protection (MISSOC). As a secondary policy source I used the data on maternity and parental leave from the Multilinks Database and the European Platform for Investing in Children. In the EU-SILC panel data I identified those individuals whose characteristics corresponded with the conditions described in the policy datasets and coded these individuals as entitled to support from leave policies. Consequently I used the same information to identify the leave duration for each eligible individual in the dataset and by using average annual earnings I estimated the amount of allowances they would be entitled to. This way I created a measure that identifies whether and to what extent of policy support one would be entitled to have should they have a child immediately after the interview. This personalisation of policy entitlements allows not only to account for within country variation but also to follow a policy effect on transition to parenthood using micro-level data.

The effect of leave policies on fertility behaviour is analysed through the perspective of the gender equity theory that tries to explain global fertility differences through discrepancies in institutional settings within individual countries (McDonald 2000). The theory builds on the so-called feminist paradox that describes differences in effects of female employment on fertility between developing and developed countries (Chesnais 1996), and on feminist approaches to fertility and comparative welfare state research (Fraser 1994; Mason 1995; Orloff 1993; Esping-Andersen 1999). It says that in countries where women gained access to employment and this access is granted throughout their life-course, regardless whether they have children or not, the fertility will not fall to extremely low levels. Therefore policies that prevent mothers from returning to employment or do not facilitate this transition are expected to have a negative effect on fertility behaviour. The effect of welfare support is therefore expected to lead through female employment. Leave policies have three main characteristics that interact with each other and create a rather unique policy environment for parents. These are leave duration, financial remuneration for of the time spent on leave and flexibility in leave use. For instance, long leaves are generally perceived as detrimental for female employment, but their negative effect can be mitigated through the interaction with flexibility in their use. At the same time short leaves can be

found inadequate and have similarly negative impact on female employment. This can be mitigated for if fathers can claim leave as well or when mother can make use of part-time leave that is automatically prolonged. The importance of financial allowances is less straightforward in its role in maternal employment. Apart from compensation for lost earnings, it is likely to play a role in the attractiveness of individual leave designs and therefore can amplify or condense the effect of leave policies on fertility behaviour.

Preliminary results using a sample of cohabiting and married women between the age of 18 and 40 suggest that the only leave policy aspect that has an association with transition to motherhood are leave benefits. The second order births, on the other hand, appear to be negatively influenced by leave duration and positively by financial remuneration. The final results will look at the interaction effects between leave duration with benefits and also on cross-level interaction with indicator of flexibility in leave use measured on country level as a 10-point index.

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Data Sources

- International Network on Leave Policies & Research*, <http://www.leavenetwork.org>
- MISSOC - Mutual Information System on Social Protection*, <http://www.missoc.org>
- Multilinks Database on Intergenerational Policy Indicators*, <http://multilinks-database.wzb.eu>
- European Union: European Platform for Investing in Children*, <http://europa.eu/epic/>